



## UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
[www.uspto.gov](http://www.uspto.gov)

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/900,675	07/06/2001	Richard M. Ekstrom	2740/I	6696
7590 11/14/2008 SCHWARTZ LAW FIRM, P.C. 6100 FAIRVIEW ROAD SUITE 530 CHARLOTTE, NC 28210			EXAMINER	
			JANVIER, JEAN D	
			ART UNIT	PAPER NUMBER
			3688	
			MAIL DATE	DELIVERY MODE
			11/14/2008	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 09/900,675	<b>Applicant(s)</b> EKSTROM, RICHARD M.
	<b>Examiner</b> JEAN JANVIER	<b>Art Unit</b> 3688

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
  - If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
  - Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(o).

#### Status

- 1) Responsive to communication(s) filed on 06 October 2008.
- 2a) This action is FINAL.      2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 23-31 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 23-31 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All    b) Some \* c) None of:  
 1. Certified copies of the priority documents have been received.  
 2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- 1) Notice of References Cited (PTO-892)  
 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)  
 3) Information Disclosure Statement(s) (PTO/SB/08)  
 Paper No.(s)/Mail Date \_\_\_\_\_
- 4) Interview Summary (PTO-413)  
 Paper No(s)/Mail Date \_\_\_\_\_  
 5) Notice of Informal Patent Application  
 6) Other: \_\_\_\_\_

***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 10/06/08 has been entered and a Non-final Action follows.

**Response to Applicant's Arguments**

**101 Rejection**

The Examiner herein drops the 101 Rejection in view of the claim amendment.

**Art Rejection**

Applicant's arguments are very broad in nature and offer no specific disclosure. First, except for overcoming the 101 rejection, the present claim amendment does not introduce any salient feature into the claim or claim 23. Second, the present claimed invention represents an obvious modification of the original claim set. Further, contrary to the Applicant's remarks, the Examiner has tried to address the limitations, as featured in at least claim 23, despite the fact that the limitations span over two pages comprising a plurality of details that are well expected in the working or implementation of the inventive system. The length of a claim does not necessarily render the claim patentable. It is rather the subject matter or the salient concept recited therein that renders the claim patentable over the prior art. At this point, the Examiner wishes that he could suggest ways to amend the claims, but the Examiner cannot come up with any suggestions

or recommendations. Here, the Applicant can also consider the Examiner's previous responses, if need be, for more details.

Therefore, the Applicant's request for allowance or withdrawal of the last Office Action has been fully considered and respectfully denied in view of the foregoing response since the Applicant's arguments as herein presented are not persuasive.

**Detailed Action**

*Specification*

**Claim Status**

Claims 12, 13, 15-17, 19 and 20 were canceled and new claims 23-31 were added therein. Hence, claims 23-31 are currently being pending in the Instant Application.

**General Comments**

In the claims, "non-user member", "low user member" and "regular user member" should apparently be --non-user members--, --"low user members-- and --regular user members--.

*Claim Rejections - 35 USC § 103*

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

- (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**Claims 23-31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Deaton, US Patent 6,516,302 in view of Imbo, US 2002/0033753A1.**

As per claim 23, Deaton et al teach a system for providing selective incentives to a customer if and only if the customer's shopping history or transaction history or purchase history meets some predetermined criteria, such as demographics, recency of purchase data, frequency of purchase data, volume purchase data, timing of purchases or purchase cycle data, brand loyalty data, coupon redemption data and customer price sensitivity **data and infrequent purchase data**, as set forth by a retailer. Upon analyzing the shopping history data or purchase history data using a program subroutine or any conventional data mining technique, a decision is made, subsequent to determining that the customer's purchase habits or pattern or tendencies or generating the customer's profile, on whether or not the said customer should receive a selective incentive and/or be targeted for a particular product promotion (transmitting customized promotional messages to targeted respective members based on their purchase history including frequency or "infrequency" (attendance monitoring) of visits to the participating stores).

In general, Deaton teaches a system for distributing unique product incentives or coupons of different values to targeted customers, based on the purchase history of the customers including frequency of shopping or infrequency of shopping (the number of times a customer visits a store or a shop within a network of stores during a specific period of time), purchase tendency, volume purchase and so and so forth, to thereby encourage, for example, infrequent customers to visit the stores more frequently (maintaining a level of attendance or participation) and spend more money and frequent or regular customers to maintain their current level of participation (**transmitting specific promotional messages to targeted group of infrequent or**

**frequent customers at the POSes or by mail based on their level of attendance).**

In one embodiment, Deaton teaches a system to determine whether or not a customer is a frequent or infrequent customer and, based on this determination, what type of coupon and coupon incentive level to store for the identified customer in a database or to transmit to the customer frequent shopper's card (transmitting electronic coupons) (mark the customer's account to receive, for example, Coupon "A" coupons or Super "A" coupons). The customer's visits to the network of stores is closely monitored for a specific period of time, for example during an eight-week period (weekly frequency), and if the customer's attendance during the eight-week period falls within a preset or predetermined or acceptable limit or value, the customer is said to be a frequent customer or otherwise the customer is an infrequent customer. If, for instance, a frequent customer made two (2) visits to the network of stores in the prior eight-week period, then the customer is qualified to receive at least one Coupon "A" coupon, redeemable on a particular product or service, at coupon incentive level 2 for visiting the network of stores twice in the last eight weeks (figs. 19-20, 25, 27-29 and 46B). However, if the customer's visits (visiting the stores to conduct transactions) to the network of stores during the certain period of time falls outside a preset or predetermined range, the customer is said to be an infrequent. Here, Deaton discloses a plurality of steps to convert an infrequent customer into a frequent customer, as shown in fig. 27. One of the steps or methods calls for providing a Coupon "A" (of higher value) to the infrequent customer so as to entice the infrequent customer to visit a store more often and spend more money in order to meet one or more shopping criteria. For instance, if the infrequent customer did not visit any store at all in the last eight weeks (so-called non-user or low user), he is qualified for a Coupon "A1" (coupon A and level 1, the highest level for Coupon

"A"). The infrequent customer's response or performance, following the transmitting or the issuance of at least one Coupon "A" coupon or electronic coupon redeemable on a particular product, is closely monitored or tracked. In other words, the system tracks whether or not the infrequent customer uses or redeems the at least one Coupon "A" coupon. If the infrequent customer fails to respond to the at least one Coupon "A" coupon (Coupon "A" program), then the infrequent customer is given at least one Super "A" coupon (heavier than a Coupon "A" coupon) in an effort to cause the infrequent customer to change his behavioral pattern. If the Super "A" program is successful, that is the infrequent customer redeems the at least one Super "A" coupon, then the customer will receive at least one Coupon "A" coupon with a lower value.

Fig. 27 illustrates the method of and system for tracking infrequent shoppers (low users or rare users) such that a Coupon "A" may be generated and issued to the customer. Coupon "A" is defined as "coupons to incent what has been determined to be an infrequent shopper, that is a shopper who fails to meet predetermined shopping criteria" (attendance criteria). For example, the criteria may be a set of a predetermined number of shopping visits in a predetermined time (consistency in attendance for a period of time). If the customer, as shown in fig. 27, fails to meet the required number of shopping visits, he/she is determined to be an infrequent shopper (low user) and Coupon "A" may be used to incent that shopper. Coupon "A" provides greater coupon incentives than are provided to regular (frequent) customers who are more frequent shoppers. Although an infrequent shopper has been herein described as a customer failing to meet previous shopping criteria, the infrequent shopper may also be defined as a customer meeting predetermined infrequent shopping criteria, that is by not having visited a store, within the store network, in a predetermined time in a predetermined time interval low user or rare or occasional

Art Unit: 3688

user). The flow chart in FIG. 27 also illustrates the generation of Super "A" Coupons to an infrequent shopper who has been previously targeted for marketing but has failed to respond (rare or occasional user or customer).

In other words, Coupon "A" (for Absence) is used by the system to identify shoppers that are determined to be infrequent (low users) for being absent during a certain period of time. A Super "A" coupon is provided to an infrequent shopper (occasional or rare user) who fails to respond to a Coupon "A" and has been absent for a long period of time. In general, each store tailors and stores a definition of the infrequent and frequent shopper and a program to incent them is stored on-line. An infrequent shopper is determined based on dollars spent in the prior specified number of days (visits) or an attendance record related to weekly attendance in the prior specified number of weeks. The generated incentive or product promotion (specific advertising message) may be mailed to the infrequent or frequent shoppers, printed at the POSes or electronically encoded on the shoppers' frequent cards.

Moreover, Deaton teaches a system for electronically distributing or transmitting specific product promotions (or advertisements) to targeted customers at the POS or by mail, based on their profile including their level of attendance, wherein the customers are classified as frequent (regular) customers, infrequent (occasional or low) customers, etc., according to their level of participation, thereby encouraging the infrequent customers to increase their level of participation to become frequent customers and the frequent customers to maintain their current level of participation.

In addition, Deaton further teaches that incentives may be used to lay out future coupons such that incentives are decreased or increased, based on a customer's reaction to the incentive

program, in order to have a customer maintain required levels of spending or change an existing behavioral pattern or continue an existing behavioral pattern as determined by his purchase history. To this end, the subsequent performance of the customer is being monitored or tracked by the system to determine whether or not the customer redeems or uses one or more transmitted or issued coupons. Furthermore, the performance may also be tracked at a product level, department level or at a store level. The system will, based on the above tracking or determination, change or vary (increment/decrement or increase/decrease) the one or more coupon values from a Coupon "A" coupons to Super "A" coupons and vice versa.

Incentive and electronic register system 326 operates to generate a list of incentives (product promotions or promotional messages) that may be provided to a targeted customer utilizing customer personal computer 322 of fig. 48A. The particular incentives presented to a customer utilizing customer personal computer 322 may be determined according to a variety of techniques, including those described above, such as utilizing a customer's past purchasing history as a basis for generating incentives. The incentives are provided to web site 324 of fig. 48A where, in one example, they are made available for viewing by the customer through customer personal computer 322 over a network. This provision of incentives may incorporate providing, for instance, **HTML text for viewing by a user of customer personal computer 322. As another example, an electronic mail may be sent to an address associated with customer personal computer 322, or a user of customer personal computer 322, or other suitable customer (electronically transmitting specific messages to specific groups of targeted users-Col. 127: 4-21).**

(See Col. 59: 6 to col. 60: 5; col. 61: 35-67; col. 63: 1-20; col. 69: 18-60; figs. 14A, 15A,

**16A and 17A-B) and (Col. 80: 34 to col. 83: 19; col. 61: 35-47; col. 61: 63-67;fig. 58B).**

In addition, Deaton teaches that customer information reports are recommended (a) to identify new customers, and (b) to develop customer profiles, both of which can be used in targeting marketing, advertising and promotional programs and for other customer relations purposes. Specifically, new customers are identified by regularly reporting customer records with a CAUTION status. Regular customers are identified by reporting customer records based on DWT Frequency data, while the level of a customer's business (attendance) is identified by reporting customer records based on DWT \$Amount data. Additional customer information that can be readily collected in the customer records includes zip code and marital status information useful in demographic analysis. (categorizing customers as new customers and regulars/established customers based on their level of business activities, wherein the regular/established customers are further classified as frequent customers (regular members) and infrequent customers (low users or non-user members) based on their level of attendance during a specific period of time).

**Finally, Deaton teaches at least one electronic database storing, for later retrieval and display, members' or customers' information including activity/performance data or attendance levels, which help categorize the customers as frequent customers, infrequent customers and so, wherein the database is constantly being updated, when the customers a qualifying a task or visit, to reflect the customers' current attendance levels and such information is being used for categorizing or re-categorizing the customers.**

**Col. 30: 55 to col. 31: 8; Col. 19: 59-67; col. 30: 55-62.**

As per claim 23, although Deaton discloses member segments comprising new customers/members and established members (regular customers), wherein the established customers are further classified as frequent (regular) customers (regular-user members) and infrequent customers (low user members and non-user members) based on their level of attendance and providing customized incentives (by mail or electronic mail or online), to infrequent customers (non-users or low users) and frequent customers (regular customers) respectively such that the infrequent customers are encouraged to increase their level of activity or attendance level and the frequent customers to maintain their level of activity or attendance level at a specific store or throughout the network of stores, wherein the provision of the incentives incorporates providing HTML text message for viewing by the customers online and wherein an electronic mail or e-mail message, comprising at least a customized text message specifically directed to infrequent customers or frequent customers, is sent (at least more than once during a preset period of time) to e-mail addresses of the respective customers or customer segments, **however, Deaton does not expressly disclose using his system at a health club or the steps of categorizing members of a health club as regular members, low members and non-members/non-users based on their attendance level and transmitting customized e-mails to the respective categories or originally segmenting the members of the health club as new members and regular members, wherein the new members are further classified as regular members, low members and non-members/non-users based on whether or not they have visited the health club at least three times a week and sending personalized e-mails to the respective members at least twice per week and dividing the original regular members**

**into regular user members, low user members and non-user members based on whether or not they have visited the club at least 12 times a month and sending personalized e-mails to the respective members two or more times a month (reclassifying the members based on the number of visits at the health club during a preset period of time and transmitting two or more customized e-mails per week or per month to the respective member segments), nor does he explicitly mention that his system can be used at a health club.**

However, Imbo discloses a method/system for facilitating and/or prompting actions on the part of a user. The disclosed method/system utilizes a computer network to communicate with user(s) on a periodic basis to prompt action(s) and the user communicates via the computer network as to responsive action(s) taken. In a preferred embodiment, subsequent prompted action(s) reflect and/or build upon a user's prior action(s) based upon predetermined parameter(s) and/or criteria. The disclosed method/system may be used to promote and/or enhance a user's health fitness and nutrition and other aspects of the user's life. Personalized information is solicited from the user, and is used to guide the prompts subsequently transmitted to the user. Action menus are provided from which a user may select desired areas of concentration and the disclosed system/method generally forecloses the possibility that the user will select inappropriate or unhealthy activities based on attributes/limitations of that individual. It is further understood that the message or e-mail, having printed thereon a unique fitness tip, a motivational message or a reminder to encourage certain effort on the part of the new users and existing users/members, received by a new user (registrant) or an existing member is specifically addressed to each new user or existing member based on his/her workout profile and his/her

Art Unit: 3688

level (level1, level 2, level 3, etc.) of progression in a particular exercise. It is also understood that starting members are categorized as level 1 members, level 2 members and level 3 members based on their beginning points in the progression of a particular exercise regimen.

See abstract; figs 3b, 4, 5, 6, 10a-10c; col. 1: [0011]; col. 2: [0022], [0023], [0026] and [0027]; col. 4: [0085]; col. 7: [0164]; col. 8: [0179].

Further, it is well documented in the art for a health club facility to provide various incentives to club members in an effort to help the members stay fit. Identification cards, having identification data encoded thereon, are provided to the members to identify them at the health club facility and to track the members' activity or attendance level at the club. Member's records or information, such as past weight, are presented on the club equipment display to the members during use.

Moreover, it is customary for a health club facility to send an invitation to prospects to come and try the club out for free for a limited period of time in an effort to recruit them as new members, while incentivizing existing members to continue patronizing the club and so on and so forth. Furthermore, before the so called "do not-call list" registry, **telemarketers, including those working on behalf of health clubs, used to contact potential members and existing members and offer them incentives to cause them to perform certain functions or tasks.** Moreover, **health clubs continue to advertise to non-members (prospective users) and existing members by mailing out marketing literature to their home addresses using one or more available or generated mailing lists.**

Additionally, it is well known in the art to send e-mail messages, comprising texts and/or images, to one or more users (and/or potential users).

It is also common practice to send a real-time or a delayed electronic message to a user who just signs in or registers for a service, wherein the message welcomes the user to the service. This practice is very popular in online registration conducted via web sites over the Internet.

Moreover, the steps of categorizing members of a health club as regular members, low members and non-members/non-users based on their attendance level and transmitting customized e-mails to the respective categories or originally segmenting the members of the health club as new members and regular members, wherein the new members are further classified as regular members, low members and non-members/non-users based on whether or not they have visited the health club at least three times a week and sending personalized e-mails to the respective members at least twice per week and dividing the original regular members into regular user members, low user members and non-user members based on whether or not they have visited the club at least 12 times a month and sending personalized e-mails to the respective members two or more times a month represent a matter of desires, which does not impact the functionality of the process by which the members of the health club are classified and the type of e-mails they receive. In other words, simply reclassifying the members based on the number of visits at the health club during a preset period of time and transmitting two or more customized e-mails per week or per month to the respective member segments are a matter of choice, which does not affect the functionality of the process. The above findings are well within the level of an ordinary skilled artisan who would have reached the above conclusion at the time of the invention.

**Here, the above descriptive material will not distinguish the claimed invention from the prior art in terms of Patentability. See *In re Gulack*, 703 F.2d 1381, 217 USPQ 401, 404**

**(Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994). Such data content does not functionally relate to the method steps and the subjective interpretation of the data content does not patentably distinguish the claimed invention over the prior art (See also MPEP 2106.01 [R-5]). The latter findings are well within the level of skills of an ordinary practitioner.**

Therefore, it would have been obvious to an ordinary skilled artisan, at the time of the invention, to incorporate the above disclosure into the marketing system of Deaton so as to employ the Deaton's system at a health club facility to welcome new users/members, to generate and transmit specific congratulations, promotional or encouraging electronic messages a number of times, comprising text messages (including club orientation, congratulations message, wellness tip, fitness tip, an interest survey and an offer for personal fitness instruction), to new users and specifically targeted frequent or regular club members and infrequent or irregular club members, including low users and non-users (occasional users) in an effort to welcome the new users to the club, encourage infrequent customers to increase their attendance level at the health club facility and the frequent users to maintain their current level of participation at the facility, while helping all users or members to follow or stick to their respective workout regimen/program and monitoring their progress or a lack thereof through feedback from the members and while providing an incentive to the new users for choosing the club, a more substantial coupon, redeemable on a service or product offered at the facility, to the infrequent customers to encourage them to use the facility more often and a less substantial coupon, redeemable on a service or product offered at the same facility, to the frequent customers to

thereby cause them to stay with the club and to increase or maintain their current level of activity or participation at the health club facility.

As per claims 24-31, Deaton does not disclose the specific limitations recited therein, such as including in the text message (product promotion) sent to the frequent or regular customers an indication of a level of attendance and a customized wellness tip, indicating in the text message transmitted to the infrequent or low users a level of attendance and an exercise motivation tip, indicating in the text message transmitted to the non-users (occasional users) a level of attendance and a request to identify obstacles preventing more usage of the club, providing orientation to new members and transmitting in the text message sent to the new users basic fitness tips, notifying staff members of the non-users (occasional users) and contacting the non-users by telephone to encourage them to participate.

However, the above claim limitations are commonly being practiced in the health club industry. For instance, it is customary for a health club to send an invitation to new users to come and try the club out for free for a limited period of time in an effort to recruit them as new members, while incentivizing existing members to continue patronizing the club and so on and so forth. Furthermore, before the so called “no-call list” registry, telemarketers, including those working on behalf of health clubs, used to contact potential members and existing members and offer them incentives to cause them to perform certain functions or tasks. Moreover, health clubs continue to advertise to non-members and existing members by mailing out marketing literature to their home addresses using one or more available or generated mailing lists.

Moreover, the content of the electronic messages, i.e. wellness tip, an interest survey and an offer for personal fitness instruction, welcoming message and so on sent to the users by the health club facility is a matter of desires. In fact, two or more companies or health club facilities, implementing the present claimed system, may choose different text messages or marketing literature to achieve the same objective- **retaining and increasing membership.**

In other words, the specific messages or data content, recited in at least the independent claims, printed in the e-mails or electronic communications and sent to a group of users within a particular segment constitute a non-functional descriptive material, and hence, they do not carry, as far examination is concerned, any patentable weight.

Indeed, the claims introduce the printing of different and specific data content in the generated e-mails or electronic communications sent to the members of the different segments. However, these differences are only found in the nonfunctional descriptive material and are not functionally involved in the method (or structurally programmed) steps recited therein. Here, the steps of generating and sending e-mails, having imprinted thereon such specific data content, would be achieved in the same manner regardless of the type of data content printed or displayed in the sent e-mails or electronic communications.

**Hence, this descriptive material will not distinguish the claimed invention from the prior art in terms of Patentability. See In re Gulack, 703 F.2d 1381, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994). Such data content does not functionally relate to the method steps and the subjective interpretation of the data content does not patentably distinguish the claimed invention over the prior art**

**(See also MPEP 2106.01 [R-5]). The latter findings are well within the level of skills of an ordinary practitioner.**

Finally, the specific limitations recited in the claims are a matter of desires. In fact, two or more companies, implementing the present claimed invention, may choose different text messages or marketing literature to achieve the same objective- retaining and increasing membership.

“Official Notice”

Therefore, an ordinary skilled artisan, would have been motivated at the time of the invention to incorporate the above disclosure into the marketing system of Deaton so as to employ the Deaton’s system at a health club and to generate and transmit different specific product (program) promotions (text messages) to specifically target potential club members or new users, frequent or regular club members and infrequent or irregular club members, including low users and non-users (occasional users), wherein the product promotions (including discount coupons) are periodically mailed, e-mailed to the different groups of users or existing members or the product promotions may be conveyed to the specific users during a telemarketing phone call and wherein the new users receive a discount coupon redeemable on a membership package, the infrequent members receive a discount coupon of a greater value redeemable on some other product or program available at the club and the frequent members receive a standard discount coupon for encouraging them to maintain their current level of attendance or participation, thereby enticing the potential members, regular and irregular club members to perform certain tasks, change their behavior or to act in a certain manner, while recruiting new club members and retaining existing members.

**Claims 23-31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Imbo, US 2002/00337 in view of Deaton, US Patent 6, 516, 302.**

As per claims 23-31, Imbo discloses a method/system for facilitating and/or prompting actions on the part of a user. The disclosed method/system utilizes a computer network to communicate with user(s) on a periodic basis to prompt action(s) and the user communicates via the computer network as to responsive action(s) taken. In a preferred embodiment, subsequent prompted action(s) reflect and/or build upon a user's prior action(s) based upon predetermined parameter(s) and/or criteria. The disclosed method/system may be used to promote and/or enhance a user's health fitness and nutrition and other aspects of the user's life. Personalized information is solicited from the user, and is used to guide the prompts subsequently transmitted to the user. Action menus are provided from which a user may select desired areas of concentration and the disclosed system/method generally forecloses the possibility that the user will select inappropriate or unhealthy activities based on attributes/limitations of that individual. It is further understood that the message or e-mail, having printed thereon a unique fitness tip, a motivational message or a reminder to encourage certain effort on the part of the new users and existing users/members, received by a new user (registrant) or an existing member is specifically addressed to each new user or existing member based on his/her workout profile and his/her level (level1, level 2, level 3, etc.) of progression in a particular exercise. It is also understood that starting members are categorized as level 1 members, level 2 members and level 3 members based on their beginning points in the progression of a particular exercise regimen.

See abstract; figs 3b, 4, 5, 6, 10a-10c; col. 1: [0011]; col. 2: [0022], [0023], [0026] and [0027]; col. 4: [0085]; col. 7: [0164]; col. 8: [0179].

As per claims 23-31, Imbo does not explicitly disclose categorizing, segmenting or classifying users as non-user members, low-user members (infrequent customers) and regular-user members (frequent customers) based on their level of attendance and sending them respective electronic messages. In other words, Imbo does not expressly teach the specific details related to the segmentation or further classification of the club members based on their particular level of attendance during a week or a month time period and sending customized e-mails to the member segments a certain number of times per week based on their respective grouping or class.

However, Deaton et al teach a system for providing selective incentives to a customer if and only if the customer's shopping history or transaction history or purchase history meets some predetermined criteria, such as demographics, recency of purchase data, frequency of purchase data, volume purchase data, timing of purchases or purchase cycle data, brand loyalty data, coupon redemption data and customer price sensitivity **data and infrequent purchase data**, as set forth by a retailer. Upon analyzing the shopping history data or purchase history data using a program subroutine or any conventional data mining technique, a decision is made, subsequent to determining that the customer's purchase habits or pattern or tendencies or generating the customer's profile, on whether or not the said customer should receive a selective incentive and/or be targeted for a particular product promotion (transmitting customized promotional messages to targeted respective members based on their purchase history including frequency or "infrequency" (attendance monitoring) of visits to the participating stores).

In general, Deaton teaches a system for distributing unique product incentives or coupons of different values to targeted customers, based on the purchase history of the customers including frequency of shopping or infrequency of shopping (the number of times a customer visits a store or a shop within a network of stores during a specific period of time), purchase tendency, volume purchase and so and so forth, to thereby encourage, for example, infrequent customers to visit the stores more frequently (maintaining a level of attendance or participation) and spend more money and frequent or regular customers to maintain their current level of participation (**transmitting specific promotional messages to targeted group of infrequent or frequent customers at the POSes or by mail based on their level of attendance**).

In one embodiment, Deaton teaches a system to determine whether or not a customer is a frequent or infrequent customer and, based on this determination, what type of coupon and coupon incentive level to store for the identified customer in a database or to transmit to the customer frequent shopper's card (transmitting electronic coupons) (mark the customer's account to receive, for example, Coupon "A" coupons or Super "A" coupons). The customer's visits to the network of stores is closely monitored for a specific period of time, for example during an eight-week period (weekly frequency), and if the customer's attendance during the eight-week period falls within a preset or predetermined or acceptable limit or value, the customer is said to be a frequent customer or otherwise the customer is an infrequent customer. If, for instance, a frequent customer made two (2) visits to the network of stores in the prior eight-week period, then the customer is qualified to receive at least one Coupon "A" coupon, redeemable on a particular product or service, at coupon incentive level 2 for visiting the network of stores twice in the last eight weeks (figs. 19-20, 25, 27-29 and 46B). However, if the customer's visits

(visiting the stores to conduct transactions) to the network of stores during the certain period of time falls outside a preset or predetermined range, the customer is said to be an infrequent. Here, Deaton discloses a plurality of steps to convert an infrequent customer into a frequent customer, as shown in fig. 27. One of the steps or methods calls for providing a Coupon "A" (of higher value) to the infrequent customer so as to entice the infrequent customer to visit a store more often and spend more money in order to meet one or more shopping criteria. For instance, if the infrequent customer did not visit any store at all in the last eight weeks (so-called non-user or low user), he is qualified for a Coupon "A1" (coupon A and level 1, the highest level for Coupon "A"). The infrequent customer's response or performance, following the transmitting or the issuance of at least one Coupon "A" coupon or electronic coupon redeemable on a particular product, is closely monitored or tracked. In other words, the system tracks whether or not the infrequent customer uses or redeems the at least one Coupon "A" coupon. If the infrequent customer fails to respond to the at least one Coupon "A" coupon (Coupon "A" program), then the infrequent customer is given at least one Super "A" coupon (heavier than a Coupon "A" coupon) in an effort to cause the infrequent customer to change his behavioral pattern. If the Super "A" program is successful, that is the infrequent customer redeems the at least one Super "A" coupon, then the customer will receive at least one Coupon "A" coupon with a lower value.

Fig. 27 illustrates the method of and system for tracking infrequent shoppers (low users or rare users) such that a Coupon "A" may be generated and issued to the customer. Coupon "A" is defined as "coupons to incent what has been determined to be an infrequent shopper, that is a shopper who fails to meet predetermined shopping criteria" (attendance criteria). For example, the criteria may be a set of a predetermined number of shopping visits in a predetermined time

(consistency in attendance for a period of time). If the customer, as shown in fig. 27, fails to meet the required number of shopping visits, he/she is determined to be an infrequent shopper (low user) and Coupon "A" may be used to incent that shopper. Coupon "A" provides greater coupon incentives than are provided to regular (frequent) customers who are more frequent shoppers. Although an infrequent shopper has been herein described as a customer failing to meet previous shopping criteria, the infrequent shopper may also be defined as a customer meeting predetermined infrequent shopping criteria, that is by not having visited a store, within the store network, in a predetermined time in a predetermined time interval low user or rare or occasional user). The flow chart in FIG. 27 also illustrates the generation of Super "A" Coupons to an infrequent shopper who has been previously targeted for marketing but has failed to respond (rare or occasional user or customer).

In other words, Coupon "A" (for Absence) is used by the system to identify shoppers that are determined to be infrequent (low users) for being absent during a certain of period of time. A Super "A" coupon is provided to an infrequent shopper (occasional or rare user) who fails to respond to a Coupon "A" and has been absent for a long period of time. In general, each store tailors and stores a definition of the infrequent and frequent shopper and a program to incent them is stored on-line. An infrequent shopper is determined based on dollars spent in the prior specified number of days (visits) or an attendance record related to weekly attendance in the prior specified number of weeks. The generated incentive or product promotion (specific advertising message) may be mailed to the infrequent or frequent shoppers, printed at the POSes or electronically encoded on the shoppers' frequent cards.

Moreover, Deaton teaches a system for electronically distributing or transmitting specific product promotions (or advertisements) to targeted customers at the POS or by mail, based on their profile including their level of attendance, wherein the customers are classified as frequent (regular) customers, infrequent (occasional or low) customers, etc., according to their level of participation, thereby encouraging the infrequent customers to increase their level of participation to become frequent customers and the frequent customers to maintain their current level of participation.

In addition, Deaton further teaches that incentives may be used to lay out future coupons such that incentives are decreased or increased, based on a customer's reaction to the incentive program, in order to have a customer maintain required levels of spending or change an existing behavioral pattern or continue an existing behavioral pattern as determined by his purchase history. To this end, the subsequent performance of the customer is being monitored or tracked by the system to determine whether or not the customer redeems or uses one or more transmitted or issued coupons. Furthermore, the performance may also be tracked at a product level, department level or at a store level. The system will, based on the above tracking or determination, change or vary (increment/decrement or increase/decrease) the one or more coupon values from a Coupon "A" coupons to Super "A" coupons and vice versa.

Incentive and electronic register system 326 operates to generate a list of incentives (product promotions or promotional messages) that may be provided to a targeted customer utilizing customer personal computer 322 of fig. 48A. The particular incentives presented to a customer utilizing customer personal computer 322 may be determined according to a variety of techniques, including those described above, such as utilizing a customer's past purchasing

history as a basis for generating incentives. The incentives are provided to web site 324 of fig. 48A where, in one example, they are made available for viewing by the customer through customer personal computer 322 over a network. This provision of incentives may incorporate providing, for instance, **HTML text for viewing by a user of customer personal computer 322.** As another example, an electronic mail may be sent to an address associated with customer personal computer 322, or a user of customer personal computer 322, or other suitable customer (electronically transmitting specific messages to specific groups of targeted users-Col. 127: 4-21).

(See Col. 59: 6 to col. 60: 5; col. 61: 35-67; col. 63: 1-20; col. 69: 18-60; figs. 14A, 15A, 16A and 17A-B) and (Col. 80: 34 to col. 83: 19; col. 61: 35-47; col. 61: 63-67;fig. 58B).

**Additionally, Deaton teaches that customer information reports are recommended (a) to identify new customers, and (b) to develop customer profiles, both of which can be used in targeting marketing, advertising and promotional programs and for other customer relations purposes. Specifically, new customers are identified by regularly reporting customer records with a CAUTION status. Regular customers are identified by reporting customer records based on DWT Frequency data, while the level of a customer's business (attendance) is identified by reporting customer records based on DWT \$Amount data. Additional customer information that can be readily collected in the customer records includes zip code and marital status information useful in demographic analysis. (categorizing customers as new customers and regulars/established customers based on their level of business activities, wherein the regular/established customers are further**

**classified as frequent customers (regular members) and infrequent customers (low users or non-user members) based on their level of attendance during a specific period of time).**

**Finally, Deaton teaches at least one electronic database storing, for later retrieval and display, members' or customers' information including activity/performance data or attendance levels, which help categorize the customers as frequent customers, infrequent customers and so, wherein the database is constantly being updated, when the customers a qualifying a task or visit, to reflect the customers' current attendance levels and such information is being used for categorizing or re-categorizing the customers.**

**Col. 30: 55 to col. 31: 8; Col. 19: 59-67; col. 30: 55-62.**

**Furthermore, it is common practice in the art to group or segment users or customers based at least on a merchant's criteria.**

Moreover, the steps of categorizing members of a health club as regular members, low members and non-members/non-users based on their attendance level and transmitting customized e-mails to the respective categories or originally segmenting the members of the health club as new members and regular members, wherein the new members are further classified as regular members, low members and non-members/non-users based on whether or not they have visited the health club at least three times a week and sending personalized e-mails to the respective members at least twice per week and dividing the original regular members into regular user members, low user members and non-user members based on whether or not they have visited the club at least 12 times a month and sending personalized e-mails to the respective members two or more times a month represent a matter of desires, which does not impact the

functionality of the process by which the members of the health club are classified and the type of e-mails they receive. In other words, simply reclassifying the members based on the number of visits at the health club during a preset period of time and transmitting two or more customized e-mails per week or per month to the respective member segments are a matter of choice, which does not affect the functionality of the process. The above findings are well within the level of an ordinary skilled artisan who would have reached the above conclusion at the time of the invention.

In addition, the content of the electronic messages, i.e. wellness tip, exercise motivation, a health club orientation, an interest survey and an offer for personal fitness instruction, sent to the users by the health club facility is a matter of desires and represents a non-functional descriptive material. In fact, two or more companies or health club facilities, implementing the present claimed system, may choose different text messages or marketing literature to achieve the same objective- retaining and increasing membership.

Finally, the content of an e-mail message sent to a specific group of users is also a matter of desires and a non-functional descriptive material.

Therefore, an ordinary skilled artisan, would have been motivated at the time of the invention to incorporate the above disclosure into the Imbo's system so as to categorize the users or members of a health club as new users, infrequent members (low and non members) and frequent or regular users/members based on their level of visits or attendance at the club during a specific period of time and to generate and transmit specific congratulations and encouraging electronic messages, comprising text messages (including club orientation, congratulations message, wellness tip, fitness tip, an interest survey and an offer for personal fitness instruction),

to new users and specifically targeted frequent or regular club members and infrequent or irregular club members, including low users and non-users (occasional users) in an effort to welcome the new users to the club, encourage infrequent customers/members to increase their attendance level at the health club facility and the frequent users to maintain their current level of participation at the facility, while helping all users or members to follow or stick to their respective workout regimen/program and monitoring their progress or a lack thereof through feedback from the members and while providing an incentive to the new users for choosing the club, a more substantial coupon, redeemable on a service or product offered at the facility, to the infrequent customers/members to encourage them to use the facility more often and a less substantial coupon, redeemable on a service or product offered at the same facility, to the frequent customers/members, thereby making it more convenient to monitor the members' progress or a lack of it based on their grouping, while incentivizing the members to stay with the club and to increase or maintain their current level of activity or participation at the health club facility.

### **Conclusion**

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US Patent 4, 831, 242 to Englehardt discloses a control system for a health club which stores user records including user activity data in order to monitor and control use of the club's facilities. A central controller includes a memory for storing the user records including attendance data and accounting data, and a main control which is responsive to the user record data for determining whether a user is authorized to use the club's facilities. The central

Art Unit: 3688

controller is coupled to various club facilities and equipment such as a computerized scale to prevent use thereof if a user is not authorized. The central controller also stores user history data such as user weight data for the computerized scale to alleviate data storage problems.

US Patent 5, 956, 693 to Geerlings discloses a computer system for providing automated merchant-to-customer communication. Each merchant customer is grouped into an initial grouping or entry segment, based on merchant definition of allocation filters. Merchant-defined triggers subsequently resegment customer groupings based on predefined criteria which includes any measurable behavioral patterns as provided by the merchant and stored in a data base. Resegmenting is continually or dynamically provided based on behavior (e.g., shopping activity) of customers. Predefined communication scheduling and/or merchant-defined events initiate execution of a working communication designed by the merchant. The triggers and events are merchant-specified sets of criteria based on demographics, psychographics, and customer shopping behavior. Further filtering of a group of target customers to a final recipient group based on merchant specified criteria is provided by program filters. The present invention combination of allocators, triggers, filters, events and communication programs enable merchant communication of a desired message, to an appropriate recipient group, at a desired time, to be automated through computer means.

USP 6,077,193A to Buhler discloses providing a system, which allows users to personally create his or her own individual exercise program using any existing type of exercise machine, such as treadmills, bicycles, stair-climbers, weight lifting and the like. The invention provides a point-based incentive program to encourage the user to stay with an exercise program. Each user is supplied a personal data "key" on which is stored the individual's fitness program

and on which is stored the person's progress in reaching or maintaining his or her fitness goal.

The system provides a continuing incentive to the user to continue his or her exercise program by awarding points for: (i) time the user is on the machine; (ii) time the person indicates their heart rate is at a level that will allow the person to achieve their fitness goal; and/or (iii) time the person's measured heart rate is at a level that will allow the person to achieve his fitness goal.

Each users key is personal and transportable so that users who travel can use their personal data key at any facility worldwide that has the data collectors installed.

USP 6,336, 136B1 to Harris discloses a methods and apparatus for providing a diet system, which is carried out over the Internet. A server, over a network, stores at least one weight reduction program, including information from which a specific weight reduction plan can be selected. The server receives user information, from a client, that includes a current image of the user. The server compares the current image to a previous image of the user to verify at least part of the information from the user. The server determines a weight reduction program based on the information by the user and the image comparison (See abstract).

USP 5,937,387 to Summerell discloses a System and Method for Developing a Customized Wellness Plan for measuring a user's wellness by determining a user's physiological age. The system and method also help a user to learn about personalized wellness options, where the wellness options have been chosen for the user based upon wellness factors input by the user, additional constraints input by the user and the most recently available information relating to the health sciences. The user can select one or more options, and determine the potential effect implementing the options could have on the user's physiological age over the short or long term. In this fashion, the user can continue selecting various groups of alternatives until he or she has

Art Unit: 3688

determined the group of options that the user would like to implement as a wellness plan. The user can then obtain further information regarding the chosen wellness plan. The system and method also provide ways whereby a user can monitor their progress toward improving wellness, wherein this progress can be positive or negative (See abstract).

USP 2002/0111827 to Levin discloses a method of providing incentives for medical scheme members to minimize medical expenses both by responsible use of the benefits of the scheme, and also by offering positive incentives to members to adopt a healthy lifestyle and to make use of preventative procedures and pretreatment medical advice facilities. A number of health-related facilities and/or services (such as membership of health clubs, gyms or fitness programs) are offered to the medical scheme members, and the members are allocated points for using these facilities. Members are also allocated points for using predetermined preventive medical procedures and medical advice services. Rewards are allocated to members based on their points accrued, and the reward may include a payback of premium payments (See abstract).

Any inquiry concerning this communication from the Examiner should be directed to Jean D. Janvier, whose telephone number is (571) 272-6719. The aforementioned can normally be reached Monday-Thursday from 10:00AM to 6:00 PM EST. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber, can be reached at (571) 272-6724.

Non-Official- 571-273-6719.

Official Draft : 571-273-8300

11/09/08

Application/Control Number: 09/900,675

Page 31

Art Unit: 3688

/J. J./

/Jean Janvier/

Primary Examiner, Art Unit 3688